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SIPDIS

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E.O. 12958: N/A
TAGS: [ECON](#) [EINV](#) [HR](#)
SUBJECT: ACTAVIS WITHDRAWS, LEAVES BARR AS SOLE
BIDDER FOR CROATIA'S PLIVA

REF: ZAGREB 815

¶1. SUMMARY: ACTAVIS PHARMACEUTICALS OF ICELAND WITHDREW ITS OFFER FOR THE TAKEOVER OF PLIVA, LEAVING NJ-BASED BARR AS THE ONLY BIDDER FOR THE CROATIAN PHARMACEUTICAL COMPANY AT \$140 (820 KUNA) PER SHARE. BARR'S OFFER, WHICH EXPIRES OCT. 11, IS ONLY VALID IF THE COMPANY PURCHASES MORE THAN 50 PERCENT OF PLIVA SHARES. END SUMMARY

¶2. ACTAVIS OFFICIALS SAID THE COMPANY DOES NOT INTEND TO RAISE ITS OFFER FOR PLIVA TO MATCH THE LATEST OFFER FROM BARR AND NOTIFIED THE CROATIAN FINANCIAL SERVICES SUPERVISORY AGENCY (HANFA) THAT IT WAS WITHDRAWING ITS OFFER ON MONDAY. ACTAVIS' LAST OFFER WAS \$135 (795 KUNA) PER SHARE COMPARED TO BARR'S \$140 PER SHARE. ACTAVIS CONFIRMED IT CONTROLS 20.8 PERCENT OF PLIVA SHARES THROUGH DIRECT OWNERSHIP AND OPTION AGREEMENTS. THE COMPANY ALSO SAID IT WOULD CONTINUE TO FOLLOW THE PROGRESS OF THE SALE OF PLIVA AND RESERVED THE RIGHT TO APPLY TO RE-ENTER THE PROCESS.

¶3. THERE ARE AT LEAST TWO POSSIBLE EXPLANATIONS FOR ACTAVIS' WITHDRAWAL: ONE IS THAT ACTAVIS NEEDS TO COMPLETE TWO OTHER ACQUISITIONS BY YEAR END AND NEEDS TO DIVERT ALL OF ITS FINANCIAL AND MANAGEMENT RESOURCES TO THOSE TRANSACTIONS. ANOTHER THEORY IS THAT ACTAVIS PLANS TO RETURN AFTER PURCHASING A SUBSTANTIAL AMOUNT OF SHARES FROM ONE OF THE INVESTMENT FUNDS THAT HOLDS THE BULK OF PLIVA STOCK. THIS WOULD MAKE IT DIFFICULT FOR BARR TO PURCHASE THE 50 PLUS ONE SHARE NEEDED TO ACQUIRE PLIVA AND LEAVE THE DOOR OPEN FOR ACTAVIS TO SELL ITS ENTIRE STAKE AT A CONSIDERABLE PROFIT.

¶4. BARR OFFICIALS HAVE TOLD US THEY ARE CAUTIOUSLY OPTIMISTIC THAT THEIR BID WILL BE SUCCESSFUL AND POST IS PLEASED TO SEE THIS TRANSACTION CONDUCTED WITH TRANSPARENCY.

BRADTKE